Low Cost Mortgage

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NMLS #2357261 · Colorado Springs, CO

RENOVATION FINANCING GUIDE

FHA 203(k) vs. VA Renovation Loan

Buy the house that needs work — and finance the work with it. One loan, one closing, one monthly payment. Use this side-by-side matrix to see which program fits the property and the project.

How to use this matrix

- **Page 1** — program parameters and limits at a glance.
- **Page 2** — what each program will let you improve.
- **Page 3** — what each program will not cover, plus next steps.

Not sure which column you are in? Call a Low Cost Mortgage loan officer at **1-719-632-0439** and we will price both.

	FHA 203(k) Limited Repair · Modify · Upgrade	**FHA 203(k) Standard** Construct · Replace · Add	**VA Renovation Loan** For eligible Veterans
General Parameters Loan size, timing, and the rules that govern the renovation period.	• Repairs limited to a max of **$75,000** (includes all renovation costs, fees, and Contingency Reserve) • No minimum renovation amount • Total mortgage, including repairs, must fall within the FHA mortgage limit for the area	• Minimum **$5,000** in eligible improvements required • Total mortgage, including repairs, must fall within the FHA mortgage limit for the area • Work must start within 30 days of closing • Work cannot stop for more than 30 consecutive days • Must be completed within the established time frame	• No minimum or maximum renovation amount specified by the program • Any repair that will take more than **6 months** to complete is ineligible • Property must be occupiable within 15 days during the renovation period

Eligible Improvements

FHA 203(k) Limited

- Function and modernization changes (bath or kitchen remodel) — no structural changes
- Elimination of health and safety hazards (lead-based paint, mold) that violate HUD's Minimum Property Requirements
- Connecting to public water and sewage systems
- Repair, replace, or upgrade plumbing, heating, AC, and electrical systems
- Repair, replace, or install roofs, siding, gutters, downspouts, flooring, appliances, windows, and doors
- Elimination of obsolescence
- Repairs to an existing swimming pool
- Well or septic repair and replacement (must be completed before other repairs)

FHA 203(k) Standard

- **Everything eligible under Limited, plus:**
- Converting single-family to 2–4 unit, or multi-family to 1–4 unit
- Enhancing accessibility for a disabled person
- Installation of a new well and/or septic system
- Interior and exterior painting
- Major landscaping that adds permanent value and/or corrects a fire, health, or safety issue
- Major structural alterations and additions (room or garage additions, finished attic or basement, termite repair)
- Weatherization (storm windows and doors, insulation, weather stripping)
- Window and door replacement

VA Renovation Loan

- Eliminating health and safety hazards
- Connecting to public water and sewerage systems
- Repairing or replacing plumbing, heating, AC, and electrical systems
- Changes for improved function and modernization
- Eliminating obsolescence; mold remediation
- Repairing or installing new roofing, if structural integrity is not impacted
- Siding, gutters, and downspouts
- Energy conservation improvements
- Creating accessibility for persons with disabilities
- Installing or repairing fences, walkways, and driveways
- Installing a new refrigerator, cooktop, oven, dishwasher, built-in microwave, washer, or dryer
- Repairing or removing an in-ground swimming pool
- Installing smoke detectors
- Installing, replacing, or repairing exterior decks, patios, and porches
- Lead-based paint abatement

Order of operations on 203(k) Standard: all health, safety, and energy conservation items must be addressed before general improvements.

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FHA 203(k) Limited	FHA 203(k) Standard	VA Renovation Loan
• New swimming pool installation (repair of an existing pool is allowed) • Exterior hot tubs, spas, whirlpool baths, or saunas • Barbecue pits, outdoor fireplaces, or standalone hearths • Tennis courts or other non-residential sports and recreational facilities • Gazebos or bathhouses • Additions or alterations designed to support commercial use • Purchases of non-permanent appliances or freestanding personal property	• Additions or alterations to allow for commercial use • Barbecue pits, outdoor fireplaces, or hearths • Exterior hot tubs, saunas, spas, or whirlpool baths • Photo murals • Swimming pool installation • Television satellite dishes and antennas • Tennis courts • Tree trimming and removal	• Structural modifications • Oil tanks (repair, removal, remediation) • Landscaping and site improvements • Recreational and luxury improvements: new pools, bath houses, tennis courts, exterior hot tub / spa / sauna, BBQ pits, outdoor fireplaces, tree surgery (except to eliminate endangerment), satellite dishes, photo murals, gazebos • Purchasing an existing structure elsewhere and moving it onto a new foundation • Any repair that will take more than 6 months to complete • Repair that prevents the borrower from occupying the property for more than 15 days • Any repair done as self-help • A scope of work requiring more than 3 draws per specialized contractor • Repairs requiring detailed plans, engineering, or architectural exhibits

Ready to price a renovation loan?

1. Call us and get pre-approved — we will tell you which program the property and the project qualify for.
2. Get a contractor bid for the scope of work. We review it against program rules before you are under contract.
3. Close once. Repair funds are held in escrow and released to your contractor in draws as the work is completed.

Program guidelines are set by HUD/FHA and the U.S. Department of Veterans Affairs and are subject to change without notice. This document is for general information only, is not a commitment to lend, and is not an offer of credit. Loan approval is subject to underwriting, appraisal, credit qualification, and program eligibility. VA renovation loans require eligible Veteran status. Not all applicants will qualify. Information current as of August 2026.

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